



STATE OF MICHIGAN

JENNIFER M. GRANHOLM
GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LANSING

MICHAEL R. DeVOS
EXECUTIVE DIRECTOR

MEMORANDUM

To: OCD Grantees and Staff

From: Jacquelyn Williams-Armstrong, Acting Director

Date: August 29, 2005

Re: **Required Project File Documentation and Submission Requirements**

The Office of Community Development (OCD) recently reviewed and revised its expectations pertaining to project files both as they relate to what documents Grantees should maintain in their local files and to which documents should be submitted to MSHDA via mail or fax during the course of each funded project.

Attached are several documents outlining those revised expectations. Two lists—"Required Documents-Comprehensive" and "Required Document Submissions"—have been provided for each of OCD's four main program models—Homeowner Rehabilitation, Rental Rehabilitation, Homebuyer Purchase Rehabilitation (HPR), and Acquisition Development Resale (ADR).

For each program model, the first list labeled "Required Documents-Comprehensive" represents everything that MSHDA expects Grantees to maintain in a local project file for each MSHDA funded housing unit. As we continue to revamp our monitoring procedures, CD Specialists will use this list to ensure that local project files are complete and in order.

For each program model, the second list is labeled "Required Document Submissions." This list is a subset of the comprehensive list and indicates which documents must be submitted to MSHDA in hard form during the course of completing your projects. Unlike with older document submission standards that varied by grantee and funding source, **every grantee, regardless of funding source or experience, must use this list and submit the required documents as indicated.** To speed OCD review of setup packages, Grantees should use the "Required Document Submissions" list as a cover sheet and place all required documents in order underneath.

The attached documents have been presented at the series of ongoing component trainings sponsored by OCD since June and continuing through October. For those Grantees who have not yet attended training where these documents were presented, there are several issues worth noting.



Background: OCD has been working on these requirements for several months and sought feedback from selected Grantees on the proposed requirements prior to finalizing these standards. While we understand that individual Grantees' reactions to these standards will vary, we do not believe these requirements make substantive changes in OCD's expectations. Rather, the required documents lists provided in this memo represent an effort to more clearly state the expectations we already have for Grantees and to continue in our effort to hold Grantees to a consistent set of standards on a statewide basis.

Effective Date: Since many projects are already underway and it takes some time for Grantees to adjust their internal processes, OCD expects to provide flexibility during on-site monitoring visits for projects initiated prior to the publication of this memo. However, the Required Document Submissions standards will be applied to **all new project setups effective October 1, 2005**. While OCD prefers and encourages the use of this checklist as soon as possible, Grantees may continue to submit projects for setup prior to this date using the submission standards previously worked out with their CD Specialist. For projects whose online setups are submitted in OCD's Online Project Administration Link (OPAL) on or after October 1st, CD Specialists process those setups only upon receipt of the documents indicated in the Required Document Submissions checklist.

Income Verification: Within the "Required Document Submissions" list, you will notice that the Income Verification Package must be submitted **only if** certain thresholds are exceeded. In most cases, Grantees will not submit individual income verification packages to their CD Specialist for review prior to providing assistance to a household. However, if any of the following three criteria are true, the income package must be submitted:

1. The applicant household is at or above 70% AMI;
2. The applicant household is within \$5,000 of the 80% AMI limit; or
3. One or more members of the applicant household are self-employed.

Grantees who have already attended the mandatory Income Verification Training that is part of OCD's ongoing training calendar should immediately begin to use the submission framework outlined above. If the staff from your agency who are responsible for verifying income have not yet attended the mandatory Income Verification Training (see the MITTAC website at www.mittac.org for a list of upcoming dates and locations), you should contact your CD Specialist for further guidance on whether or not you should submit Income Verification Packages for additional clients.

Appraisals for Homebuyer Projects: Under past document submission standards, appraisals on ADR projects were typically required submissions, but they were only submitted to MSHDA shortly before closing, often after a purchase agreement had been signed with the prospective homebuyer. In a growing number of cases, OCD has become concerned about the assumptions used to determine the market value/sales price of the homes being developed by its Grantees (see the "Sales and Marketing Plan for ADR Projects with Evaluation Commentary," Attachment B of Homebuyer Tab F of the 2005 Housing Resource Fund Summary).

As a result, OCD will now require that as-completed or post-rehabilitation appraisals be submitted to MSHDA prior to setting up ADR projects. In some cases, Grantees will need to obtain these appraisals earlier in the process than they previously did, but for most Grantees the only real change is the timing of submitting the as-completed appraisal. This is particularly true of projects involving construction financing from conventional lenders, most of which require as-completed appraisals as part of their underwriting process.

Obtaining these appraisals earlier in the process will allow time to adjust sales prices and/or re-evaluate the appraisal result before homes are listed and purchase agreements are executed.

Title Insurance: The one significant new requirement embedded within these submission requirements is for ADR Grantees to provide MSHDA with title insurance for the amount of the project setup. A preliminary title commitment should be submitted to MSHDA along with the initial setup package with the original title insurance policy provided after closing. This requirement is being added to ADR projects based upon advice from MSHDA's legal staff and after experiences in which ADR Grantees obtained and invested money in property for which they later did not have clear and saleable title, leading to extensive delays and in some cases additional costs.

Questions about these standards should be referred to your Community Development Specialist.

Attachments: ADR Required Documents and Submissions
HPR Required Documents and Submissions
HO Rehab Required Documents and Submissions
Rental Rehab Required Documents and Submissions

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**REQUIRED DOCUMENTS – COMPREHENSIVE
ACQUISITION DEVELOPMENT RESALE (ADR)**

The following list of documents represents file documentation MSHDA expects all grantees to maintain in their local project files. The list of required documents is generally organized in chronological order and broken into key phases in the lifecycle of a specific project.

Several documents may be required in any given file but will not be applicable to every project; these documents are indicated by a parenthetical “if applicable” within the checklist below. For example, a SHPO review is unnecessary for homes less than 50 years old. Many other documents listed below—indicated by “(R)” —are only required for ADR projects involving rehabilitation of an existing structure.

Additionally, documents listed in *italics* are currently not “required” but are recommended by MSHDA and often represent best practices in local programs. While we feel these documents are important enough to specifically list within this checklist, they are not fundamentally required. In most cases, commentary has been provided explaining why and under what circumstances such documents may prove useful.

Finally, underlined documents are generated through MSHDA’s online grant management system known as OPAL (formerly known as Intelligrants).

STEP 1: Property Evaluation, Construction Determination, and Purchase. The first step in completing an ADR project is to identify property for purchase, evaluate the scope of necessary development activity, and estimate project costs. Together this information allows an analysis of the specific project’s feasibility.

1. Purchase Agreement
2. Homebuyer Assistance Program Occupancy/Vacancy Certification
3. Notification to Seller of Voluntary Sale
4. Environmental Checklist
5. Historical Clearance – SHPO (if applicable)
6. Flood Plain Map or documentation that area is not mapped
7. Noise Attenuation (if applicable)
8. *Transactional Screening Analysis (TSA) or Phase I Environmental Assessment: Grantees are encouraged to carefully consider obtaining either a TSA or a Phase I Assessment to determine the likelihood of environmental contamination on a site. These studies are used to help establish the environmental condition of a site and to protect grantees, as owners, from future liability for environmental contamination. NOTE: These studies do not take the place of or eliminate the requirement for the site-specific Environmental checklist and associated documentation (SHPO signoff, flood plain map, and noise attenuation worksheet) required under NEPA.*

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9. Assessor's Card (to verify age and value of property) (R): The Assessor's record on the property provide official documentation of a home's building date for purposes of determining if Lead Based Paint compliance and SHPO reviews are necessary. Appraisals and/or real estate listings are not acceptable substitutes as they often rely exclusively on the seller's statement of a building date. Consulting the Assessed Value of the property can also help determine if the negotiated purchase price is reasonable and may point to errors/discrepancies in the seller's description of the property.
10. Initial Inspection (minimum HQS) (R)
11. Survey: For projects involving new construction or changes to the footprint of existing structures, a topographical survey should be obtained showing not only lot dimensions but elevations.
12. *Soil Borings: Projects involving new construction, especially those in urban settings where demolition of previous structures took place years ago, should involve soil borings and/or other efforts to determine the bearing capacity of the soil and/or the presence of buried foundations or debris.*
13. Work Specifications and Blueprints
14. Cost Estimates
15. Lead Risk Assessment (R)
16. Revised Work Specifications, Blueprints, and Cost Estimate: Based upon the results of the LBP Risk Assessment, specifications and cost estimates may need to be revised prior to bidding.
17. Zoning Approval (both of appropriate use and compliance with applicable setbacks, lot coverage, building height, and other related regulations)
18. Commitment for Title Insurance in amount of anticipated project setup (and submit final Title Policy to MSHDA)
19. Settlement Statement from property acquisition
20. Deed/Title to Property
21. Property Insurance Policy naming MSHDA as insured party
22. Senior (non-MSHDA) financing documents from purchase
23. Mortgage, Note, and Security agreement between MSHDA and grantee (Originals submitted to MSHDA)
24. As-completed (or post-rehabilitation) Appraisal
25. **Typically, the Setup Proforma can be submitted via OPAL once the above documents have been collected.**

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STEP 2: Bidding and Contractor Selection. After determining a project's initial feasibility, a contractor can be identified, and actual costs of the project can be determined. While often not possible, it is best to have solid bids that fit within the budget and compliance standards for the grant before actually closing on the purchase of property. This is particularly true for rehabilitation projects.

1. Prepared Bid Package
2. List of Contractors invited to Bid
3. Copies of bids received
4. Bid Comparison Summary
5. Record of Bid Selection
6. Verification that selected contractor(s) is not on debarred list (<http://epls.arnet.gov>)
7. Notice to unsuccessful bidders

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STEP 3: Construction Management. Once the property has been purchased and a contractor is selected, the construction contract can be signed and development activity can begin.

1. Contractor(s) License
2. Contractor(s) Insurance
3. Contractor(s) Lead Training/Certification
4. Contract(s) between Contractor and Grantee, to include:
 - a. Lead Work Contractor attachment (R)
 - b. Equal Opportunity Clause (Executive Order 11246)
5. **At this point, the Contract Proforma should be completed in OPAL. As costs change due to change orders throughout the course of construction management, one or more Revised Proformas may be required to show the current project cost and allow full billing of MSHDA funds needed for non-developer fee costs.**
6. Recorded Notice of Commencement
7. Notice to Proceed
8. Change Order(s)
9. Interim Payment Requests/Authorizations and Inspection Requests (could be separate or combined forms; could be invoiced by contractor or placed on standard form; requires signature by contractor and approval by grantee prior to payment)
10. Copy of Inspection Reports by local building inspectors
11. Sworn Statements (could be incorporated into payment request form from contractor)
12. Partial and Final Unconditional Lien Waivers
13. Lead Clearance Report (R)
14. Lead Based Paint Inspection/Compliance Certification Form (R)
15. Certificate of Occupancy
16. Final Inspection Report by grantee
17. Final Payment Request/Authorization (again, could be a combined or separate forms, but should clearly show signature of contractor and approval by grantee)
18. Itemized summary listing of all project costs including acquisition, closing costs, construction costs, LBP testing costs, LBP remediation activities, and soft costs/developer fee

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STEP 4: Applicant Eligibility. While the specific buyer is typically not identified at the time a project is setup, marketing efforts should be underway once the property has been purchased and construction begins. The next step is to identify the specific buyer for the completed unit and determine that buyer's eligibility for the program. Please note: Income eligibility is not the same thing as program eligibility; not everyone who is income eligible is qualified to purchase an ADR home.

1. Application
2. Income Verification package, to include:
 - a. Income Computation Worksheet
 - b. Third Party Verification Monitoring
 - c. Family Composition
 - d. Authorization for Release of Information and Privacy Act Notice
 - e. Declaration of Section 214 Status
 - f. Checklist(s) of income and assets
 - g. Verifications of income, assets, assistance, etc.
3. *Pre-qualification from Lender: Most grantees require that an applicant be pre-qualified or pre-approved for a loan prior to designating an application as "complete." While not fundamentally required, including a pre-qualification in your application process can help avoid "reserving" a house for a potential buyer who is not, in fact, able to obtain acceptable first mortgage financing.*
4. *Credit Report: While some grantees do not work with prospective buyers in advance of receiving a purchase offer, most do. Pulling a credit report as a part of the initial intake/application process can quickly identify prospective buyers who are not ready to purchase a home or are not yet eligible to participate in a MSHDA Homebuyer project. Additionally, having the credit report in advance allows grantees to better direct clients to appropriate and competitive mortgage loan products and lenders.*
5. Homeownership Counseling Certificate
6. *Documentation of First Time Homebuyer Status: Many programs prefer to track what percentage of homebuyers qualified as first-time homebuyers.*
7. Lead Based Paint Statement (including *Protect Your Family from Lead in the Home* pamphlet) (R)
8. *Applicant receipt of Fair Housing: It's Your Right pamphlet*
9. **Upon completion of the above, the Pre-Closing Proforma should be submitted on OPAL.**

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STEP 5: Sale/Lien Documents. Steps 4 and 5 often overlap, but once it appears an applicant is eligible, a purchase agreement can be signed and the final closing details can be worked out. Any purchase agreement between a grantee and homebuyer should contain a contingency requiring MSHDA approval of the transaction.

1. Purchase Agreement between grantee and homebuyer
2. Good Faith Estimate from lender
3. Request Release of Mortgage from MSHDA at least two weeks in advance of the anticipated closing
4. Settlement Statement(s) showing both buyer's and seller's transactions
5. HB Subsidy Second Mortgage documents. Note that for ADR buyers using a MSHDA first mortgage, the lender is responsible for preparing the Homebuyer Subsidy Second Mortgage Documents. In such cases, the grantee must still keep copies of those executed documents in its local file.
6. Copies of all closing documents
7. **After the closing has taken place, a Final Proforma matching the Settlement Statement should be submitted. Upon approval of the Final Proforma, you will be able to draw any remaining balance within the project for hard costs and/or developer fee expenses.**

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STEP 6: Project Closeout and Ongoing Monitoring.

1. *Client Satisfaction Survey: While there is no formal requirement for ongoing interaction between the grantee and the homebuyer, MSHDA recommends that grantees survey participants on their experience with the program.*
2. *Pre-Warranty Expiration Follow-up for warranty repairs: It may be a good idea to follow-up six months before the warranty on workmanship and materials expires. While the contractor provides the warranty, buyers will often initially come to the grantee with problems, and it's best to be proactive about identifying problems before the warranty runs out.*

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**REQUIRED DOCUMENT SUBMISSIONS
ACQUISITION-DEVELOPMENT-RESALE (ADR)**

INSTRUCTIONS: The following documents must be submitted to your Community Development Specialist at various stages of an ADR project. Grantees should be aware that the list of required document submissions is NOT a comprehensive list of required documents for your local project file. For input on the broader list of documentation you should maintain, please refer to the Comprehensive Required Documents list for ADR projects.

Additionally, please be aware that MSHDA may randomly select projects for file reviews and request that you submit copies of all documents in your project file for review. For cause, your CD Specialist may also require that you submit other documents during the course of a project to document compliance with MSHDA's requirements.

Underlined documents below are generated through the OPAL system. MSHDA eventually expects to incorporate this list into the Activity Tracking Checklist for ADR projects in the OPAL system rather than maintaining this separate document.

REQUIRED FOR PROJECT SETUP/COMMITMENT: All projects should be set up and approved by your CD Specialist prior to actually purchasing the property and signing a construction contract. The following documents should be submitted concurrently with your Setup Proforma in OPAL.

- ☐ 1.1 Purchase Agreement (or Option) - proof of ownership or site control
- ☐ 1.16 Building Plans and Specifications
- ☐ 1.18 Commitment for Title Insurance
- ☐ 1.24 Appraisal (or, with prior approval, other documentation of sales price determination)

REQUIRED TO DRAW CONSTRUCTION EXPENSES: The following documents must be submitted before you can bill for Construction expenses in OPAL.

- ☐ Final Title Insurance Policy—upon completion of the initial purchase, the original Title Insurance Policy should be submitted to MSHDA
- ☐ 1.23 MSHDA Construction Mortgage—Copy of Executed Mortgage (The original recorded copy should be forwarded to MSHDA by the Register of Deeds; if it is returned to the grantee, it should be mailed to your CD Specialist.)
- ☐ 1.23 MSHDA Construction Mortgage Note—Original
- ☐ 1.23 MSHDA Construction Mortgage Security Agreement—Original

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REQUIRED PRIOR TO SALE TO HOMEBUYER: The following documents should be submitted concurrently with your Preclosing Proforma in OPAL. Generally these items should be submitted two weeks prior to an anticipated closing to allow adequate time for MSHDA to review, approve, and process the paperwork for the closing.

- ☐ 5.2 Good Faith Estimate from lender
- ☐ Income Verification Package: If the household income is more than 70% of the Area Median Income or less than \$5,000 from the 80% AMI limit, the Income Verification Package must be submitted. Also, if the household income includes income from self-employment, the Income Verification Package must be submitted. Otherwise, the Income Verification Package need not be submitted but should be retained in the local project file
 - ☐ 4.2a Income Computation Worksheet
 - ☐ 4.2b Third Party Verification Monitoring
 - ☐ 4.2c Family Composition
 - ☐ 4.2e Declaration of Section 214 Status
 - ☐ 4.2f Checklist(s)
 - ☐ 4.2g Verifications
- ☐ Name, Address, Phone, and Fax numbers for the Closing Agent at the Title Company who will be closing the loan. (This can be submitted via e-mail.)

REQUIRED FOR PROJECT COMPLETION: The following documents must be submitted before a project can be closed out or completed in OPAL. MSHDA will not disburse the final developer fee payment (if any) to the grantee on a project until the following documents are received.

Note: Generally, the closing agent will be asked to forward these three documents directly to MSHDA, but if they are returned to the grantee at closing, they should be forwarded to your CD Specialist.

- ☐ 5.4 Settlement Statement(s) for both the Buyer and the Seller
- ☐ 5.5 Homebuyer Subsidy Second Mortgage—Copy of Executed Mortgage (The original recorded copy should be forwarded to MSHDA by the Register of Deeds or, in the case of a MSHDA first mortgage, to the bank; if it is returned to the grantee, it should be mailed to your CD Specialist.)
- ☐ 5.5 Homebuyer Subsidy Second Mortgage Note—Original

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**REQUIRED DOCUMENTS – COMPREHENSIVE
HOMEBUYER PURCHASE REHABILITATION (HPR)**

The following list of documents represents file documentation MSHDA expects all grantees to maintain in their local project files. The list of required documents is generally organized in chronological order and broken into key phases in the lifecycle of a specific project.

Several documents may be required in any given file but will not be applicable to every project; these documents are indicated by a parenthetical “if applicable” within the checklist below. For example, a SHPO review is unnecessary for homes less than 50 years old.

Additionally, documents listed in *italics* are currently not “required” but are recommended by MSHDA and often represent best practices in local programs. While we feel these documents are important enough to specifically list within this checklist, they are not fundamentally required. In most cases, commentary has been provided explaining why and under what circumstances such documents may prove useful.

Finally, underlined documents are generated through MSHDA’s online grant management system known as OPAL (formerly known as Intelligrants).

Step 1: Applicant Eligibility. In HPR, the first step is to identify the buyers/participants in the program and confirm their eligibility. Please note: Income eligibility is not the same thing as program eligibility; not everyone who is income eligible is qualified to participate in the program. At the end of this stage, a HPR buyer should have an understanding of how the program works and begin looking for a home that costs no more than about \$5,000 to \$7,000 more than the mortgage they can afford.

1. Application
2. Income Verification package, to include:
 - a. Income Computation Worksheet
 - b. Third Party Verification Monitoring
 - c. Family Composition
 - d. Authorization for Release of Information and Privacy Act Notice
 - e. Declaration of Section 214 Status
 - f. Checklist(s) of income and assets
 - g. Verifications of income, assets, assistance, etc.
3. *Federal and State Tax returns: Most lenders will require tax returns as part of their application package. Helping the applicant get those together early in the process can speed things along later. Those not filing tax returns should complete an Affidavit certifying that they are/were not legally required to do so.*

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4. *Credit report: Pulling a credit report as a part of the initial intake/application process can quickly identify prospective buyers who are not ready to purchase a home or are not yet eligible to participate in a MSHDA Homebuyer project. Additionally, having the credit report in advance allows grantees to better direct clients to appropriate and competitive mortgage loan products and lenders.*
5. Buyer's pre-qualification for first mortgage lending: It's critically important that program participants not be sent out looking for a home before you're sure they qualify for a first mortgage loan that meets program requirements.
6. Good Faith Estimate of Buyer's Closing Costs
7. Pre-Evaluation Disclosure of Lead Based Paint (reference PB #26)
8. *Applicant receipt of Fair Housing: It's Your Right pamphlet*
9. *Eligibility Summary Worksheet and Analysis of Payment Ability: Many program administrators use a summary sheet indicating the applicant's income, debts, amount of an affordable monthly payment, and the accompanying projection of mortgage affordability.*
10. *Documentation of First Time Homebuyer Status: Many programs prefer to track what percentage of homebuyers qualified as first-time homebuyers.*

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Step 2: Property Evaluation and Construction Determination. Once the buyer has identified a home, the grantee needs to complete a variety of inspections to evaluate the scope of necessary development activity and estimate project costs. Together this information allows an analysis of the specific project's feasibility.

1. Purchase agreement/option (the buyer's purchase agreement should provide adequate time for the grantee to inspect the home, order LBP risk assessments, determine the scope of work, and get bids)
2. Homebuyer Assistance Program Occupancy/Vacancy Certification
3. Notification to Seller of voluntary sale
4. Environmental Checklist
5. Historical clearance – SHPO (if applicable)
6. Flood Plain Map or documentation that area is not mapped
7. Noise Attenuation (if applicable)
8. Initial inspection report (minimum of HQS)
9. Assessor's Card (to verify age and value of property): The Assessor's record on the property provide official documentation of a home's building date for purposes of determining if Lead Based Paint compliance and SHPO reviews are necessary. Appraisals and/or real estate listings are not acceptable substitutes as they often rely exclusively on the seller's statement of a building date. Consulting the Assessed Value of the property can also help determine if the negotiated purchase price is reasonable and may point to errors/discrepancies in the seller's description of the property.
10. Work Specifications
11. Cost Estimate
12. Lead Risk Assessment (if applicable)
13. Lead Property Exemption Form (if applicable)
14. Revised Rehabilitation Specifications and Cost Estimate: Based upon the results of the LBP Risk Assessment, specifications and cost estimates may need to be revised prior to bidding.
15. Homebuyer approval of specifications
16. As-completed (or post-rehabilitation) Appraisal

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Step 3: Bidding and Contractor Selection. After determining a project's initial feasibility, a contractor can be identified, and actual costs of the project can be determined. While the buyer should not sign the rehab contract until the closing takes place, HPR requires that actual bids be received and the selection of a contractor have taken place PRIOR to closing.

1. Prepared bid package and list of contractors invited to bid
2. Copies of received bids
3. Bid comparison summary
4. Record of bid selection
5. Verification that selected contractor(s) is not on debarred list (<http://epls.arnet.gov>)
6. Notice to unsuccessful bidders
7. **Once all costs associated with the project are clearly known, the Setup Proforma can be submitted. The Setup Proforma should be submitted at least two weeks prior to the scheduled closing to allow adequate time for any needed MSHDA reviews.**

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Step 4: Closing and Lien Documents. Only after the scope of rehab and its specific cost based on a selected bid is known, you're ready to actually close on the sales transaction. At the closing, the scope and cost of rehab, source of funds, and as-completed value of the property should all be known.

1. Homebuyer Subsidy Mortgage
2. Homebuyer Subsidy Note
3. *Program Agreement: Many programs use a program agreement between the grantee and the homebuyer that clearly spells out the roles and responsibility of each party. The program agreement should emphasize the homebuyer's right and responsibility to approve all rehab work prior to payment.*
4. Settlement Statement and documentation of other leveraged funds
5. Copies of all closing documents including HB Subsidy Second Mortgage documents

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Step 5: Construction Management. At or after the closing, the buyer (who has now become the homeowner) should execute the rehab contract, and rehab begins.

1. Evidence of License, Insurance, and appropriate Lead Training/Certification for Winning Contractor(s)
2. Executed Contract between the Contractor and Homeowner, to include
 - a. Lead Work Contractor attachment (if applicable)
 - b. Equal Opportunity Clause (Executive Order 11246)
3. **The Contract Proforma should be submitted once the contract is signed (typically at the closing). The Contract Proforma should match to the Settlement Statement since buyer's closing costs, prepaids, cash investment, tax prorations, and the Homebuyer Subsidy are now final.**
4. Recorded Notice of Commencement
5. Notice to Proceed
6. Change order(s)
7. Copy of inspection reports (by local building official if permit required)
8. Interim Payment Requests/Authorizations and Inspection Requests (could be one, two, or three separate forms; could be invoiced by contractor or placed on standard form; requires signature by contractor, homeowner, and administrator prior to payment)
9. Sworn Statements (could be incorporated into payment request form from contractor)
10. Partial and Final Unconditional Lien Waivers
11. Lead clearance test results (if applicable)
12. Lead Based Paint Inspection/Compliance Certification Form (reference PB #26) (if applicable)
13. Final Inspection Report by Administrator
14. Final Approval by Homeowner: Owner's signoff that all rehabilitation items have been completed to their satisfaction (could be included in a form that functions as both Final Inspection Report by program and Final Approval by Homeowner)
15. Final Payment Request/Authorization (again, could be a combined or separate forms, but should clearly show signature of contractor, approval by homeowner, and approval by program staff)
16. Itemized summary listing of all project costs including acquisition, closing costs, construction costs, LBP testing costs, LBP remediation activities, and soft costs/developer fee
17. **As costs change due to change orders throughout the course of construction management, one or more Revised Proformas may be required to show the current project cost and allow full billing of MSHDA funds for the project. Once all appropriate funds have been drawn, a Final Proforma should be submitted.**

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Step 6: Project Closeout and Ongoing Monitoring.

1. *Client satisfaction survey: While there is no formal requirement for ongoing interaction between the grantee and the homebuyer, MSHDA recommends that grantees survey participants on their experience with the program.*
2. *Pre-warranty expiration follow-up for warranty repairs: It may be a good idea to follow-up six months before the warranty on workmanship and materials expires. While the contractor provides the warranty, buyers will often initially come to the grantee with problems, and it's best to be proactive about identifying problems before the warranty runs out.*

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REQUIRED DOCUMENT SUBMISSIONS
HOMEBUYER-PURCHASE-REHABILITATION (HPR)

INSTRUCTIONS: The following documents must be submitted to your Community Development Specialist at various stages of an HPR project. Grantees should be aware that the list of required document submissions is NOT a comprehensive list of required documents for your local project file. For input on the broader list of documentation you should maintain, please refer to the Comprehensive Required Documents list for HPR projects.

Additionally, please be aware that MSHDA may randomly select projects for file reviews and request that you submit copies of all documents in your project file for review. For cause, your CD Specialist may also require that you submit other documents during the course of a project to document compliance with MSHDA's requirements.

Underlined documents below are generated through the OPAL system. MSHDA eventually expects to incorporate this list into the Activity Tracking Checklist for HPR projects in the OPAL system rather than maintaining this separate document.

REQUIRED FOR PROJECT SETUP/COMMITMENT: All projects should be set up and approved by your CD Specialist prior to actually helping a buyer purchase the property and sign a construction contract. The following documents should be submitted concurrently with your Setup Proforma in OPAL.

- ☐ Income Verification Package: If the household income is more than 70% of the Area Median Income (AMI) or less than \$5,000 from the 80% AMI limit, the Income Verification Package must be submitted. Also, if the household income includes income from self-employment, the Income Verification Package must be submitted. Otherwise, the Income Verification Package need not be submitted but should be retained in the local project file.
 - ☐ 1.2a Income Computation Worksheet
 - ☐ 1.2b Third Party Verification Monitoring
 - ☐ 1.2c Family Composition
 - ☐ 1.2e Declaration of Section 214 Status
 - ☐ 1.2f Checklist(s)
 - ☐ 1.2g Verifications
- ☐ 1.6 Good Faith Estimate of Buyer's Closing Costs
- ☐ 2.14 Building Plans and Specifications
- ☐ 2.16 Post-Rehabilitation Appraisal

REQUIRED TO DRAW CONSTRUCTION EXPENSES: The following documents must be submitted before you may bill for Construction expenses in OPAL.

- ☐ 4.1 Homebuyer Subsidy Second Mortgage—Copy of Executed Mortgage (The original recorded copy should be forwarded to MSHDA by the Register of Deeds; if it is returned to the grantee, it should be mailed to your CD Specialist.)
- ☐ 4.2 Homebuyer Subsidy Second Mortgage Note—Original
- ☐ 4.4 Buyer's Settlement Statement

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**REQUIRED DOCUMENTS – COMPREHENSIVE
HOMEOWNER REHABILITATION**

The following list of documents represents file documentation MSHDA expects all grantees to maintain in their local project files. The list of required documents is generally organized in chronological order and broken into key phases in the lifecycle of a specific project.

Several documents may be required in any given file but will not be applicable to every project; these documents are indicated by a parenthetical “if applicable” within the checklist below. For example, a SHPO review is unnecessary for a home less than 50 years old.

Additionally, documents listed in *italics* are currently not “required” but are recommended by MSHDA and often represent best practices in local programs. While we feel these documents are important enough to specifically list within this checklist, they are not fundamentally required. In most cases, commentary has been provided explaining why and under what circumstances such documents may prove useful.

STEP 1: Applicant Eligibility. The first step is to identify the participants in the program and confirm their eligibility. Please Note: Income eligibility is not the same thing as program eligibility; not everyone who is income eligible is qualified to participate in the program.

1. Application
2. Income Verification package, to include
 - a. Income Computation Worksheet
 - b. Third Party Verification Monitoring
 - c. Family Composition
 - d. Authorization for Release of Information and Privacy Act Notice
 - e. Declaration of Section 214 Status
 - f. Checklist(s) of income and assets
 - g. Verifications of income, assets, assistance, etc.
3. *Federal and State Tax Returns: Most lenders will require tax returns as part of their application package. For grantees who function as PIP agents or otherwise coordinate applications for other sources of leveraged funds, helping the applicant get these together early in the process can speed things along later. Those not filing tax returns should complete an Affidavit certifying that they are/were not legally required to do so.*
4. *Credit report: Pulling a credit report as a part of the initial intake/application process can quickly identify prospective homeowners who may qualify for leveraged funds from other programs such as PIP, USDA-RD, and conventional lenders. If a homeowner's mortgage holder*

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regularly reports to the credit bureau, the credit report may be used to verify that mortgage payments are current.

5. Verification of Mortgage (could use Credit Report): Grantees should review the number of remaining payments to determine if the existing mortgage is fully amortizing or a balloon loan. If there is a balloon, it's particularly important that the applicant understand the policy on subordination. If the existing mortgage is sub-prime or predatory, some grantees may seek to help the owner refinance into a more reasonable loan before proceeding with the rehabilitation project.
6. Verification of Paid Property Taxes
7. Proof of homeowner's insurance (look for other insured parties)
8. Recorded Warranty Deed or Land Contract (or prior deeds tracing owner's interest back to a recorded Warranty Deed) or Title Insurance: MSHDA expects grantees to trace the current owner's title back to a recorded warranty deed, and any land contracts must be recorded. If the ownership of the property cannot be clearly traced to a warranty deed, the grantee should obtain a title insurance policy covering its lien on the property.
9. Land Contract Vendor Acknowledgement/Consent (if applicable)
10. Lead Based Paint Statement (including *Protect Your Family from Lead in the Home* pamphlet)
11. Pre-Evaluation Disclosure of Lead Based Paint
12. *Applicant receipt of Fair Housing: It's Your Right* pamphlet
13. *PIP Program Disclosure*
14. *Eligibility Summary Worksheet and Analysis of Payment Ability: Many program administrators use a summary sheet indicating the applicant's income, debts, amount of an affordable monthly payment, and the accompanying projection of mortgage affordability. For programs that integrate PIP loans and other amortizing home improvement loans with grant funded projects, this can be especially helpful.*

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STEP 2: Property Evaluation and Construction Determination. Once an applicant has been determined eligible, the grantee needs to complete a variety of inspections to evaluate the scope of necessary development activity and estimate project costs. Together this information allows an analysis of the specific project's feasibility. Some projects are simply not feasible and may result in denial of an application even if the owner meets other eligibility requirements.

1. Environmental Checklist
2. Historical Clearance – SHPO (if applicable)
3. Flood Plain Map or documentation that area is not mapped
4. Noise Attenuation (if applicable)
5. Initial Inspection Report (minimum of HQS)
6. Assessor's Card (to verify age and value of property): The Assessor's record on the property provide official documentation of a home's building date for purposes of determining if Lead Based Paint compliance and SHPO reviews are necessary. Additionally, the Assessing record should show that the property is 100% Homesteaded—further documenting owner-occupancy—and provides the State Equalized Value (SEV) needed to complete the proforma in OPAL.
7. Work Specifications
8. Cost Estimates
9. Lead Property Exemption form (if applicable)
10. Lead Risk Assessment (if applicable)
11. Revised Rehabilitation Specifications and Cost Estimates
12. Homeowner approval of specifications

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STEP 3: Bidding and Contractor Selection. After determining a project's initial feasibility, a contractor can be identified, and actual costs of the project can be determined.

1. Prepared Bid Package
2. List of Contractors invited to Bid
3. Copies of bids received
4. Bid Comparison Summary
5. Record of Bid Selection
6. Verification that selected contractor(s) is not on debarred list (<http://epls.arnet.gov>)
7. Notice to unsuccessful bidders
8. After Rehab Value form (if applicable): Only required when prompted by the proforma.
9. **The Setup Proforma should be submitted at this point. The loan closing with the homeowner should not take place until the project Setup is approved by MSHDA.**

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STEP 4: Closing and Lien Documents. After the scope of rehab and its specific cost based on a selected bid is known, a closing can be scheduled with the homeowner.

1. *Re-verification of paid property taxes: Depending on how much time has elapsed from the initial verification, program administrators often double-check that any property taxes due since the initial verification have been paid prior to closing.*
2. Mortgage (suggest future advance mortgage): A “Future Advance Mortgage” is one that provides a lien for up to a specified principal amount when the exact size of the final loan may not be known at the closing. For example, most home equity lines of credit are, in fact, mortgage loans secured by a Future Advance Mortgage. Because change orders often affect the size of the loan, homeowner rehabilitation programs should consider using Future Advance Mortgages to avoid having to record amended mortgages. There are specific legal requirements for the form of Future Advance Mortgages—including specific language that must be included within the document and the requirement that the maximum principal amount of the loan be specified within the document—that can be found at MCL 565.901-565.906. Grantees should consult their own legal counsel with specific questions about modifying mortgage documents.
3. Note(s)
4. *Program Agreement: It may be useful to execute a program agreement, in addition to the loan documents, outlining the grantee’s and the homeowner’s roles and responsibilities within the program. In some ways it can be most important to clearly outline those things the program is NOT doing such as guaranteeing the work, entering into the construction contract, selecting the contractor, etc. and making it clear that the homeowner must take responsibility for signing off on payments, notifying the grantee of problems, settling disputes with the contractor, etc.*
5. 3 Day Right to Cancel
6. Truth in Lending Disclosure Statement
7. Insurance Change Agreement: The insurance change agreement is used to add the grantee as an additional insured party on the owner’s hazard insurance to ensure repayment of the lien in the event of a catastrophic loss.
8. Documentation of Leveraged Funds

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STEP 5: Construction Management. At or after the closing, the homeowner should execute the rehab contract, and rehab begins.

1. Contractor(s) License
2. Contractor(s) Insurance
3. Contractor(s) Lead Training/Certification
4. Executed Contract(s) between the Contractor(s) and Homeowner, to include
 - a. Lead Work Contractor attachment
 - b. Equal Opportunity Clause (Executive Order 11246)
5. Recorded Notice of Commencement
6. Notice(s) to Proceed
7. Change Order(s)
8. Copy of Inspection Reports (by local building official if permit required)
9. Interim Payment Requests/Authorizations and Inspection Requests (could be one, two, or three separate forms; could be invoiced by contractor or placed on standard form; requires signature by contractor, homeowner, and administrator prior to payment)
10. Sworn Statements (could be incorporated into payment request form from contractor)
11. Partial and Final Unconditional Lien Waivers
12. Lead Clearance Test Results (if applicable)
13. Lead Based Paint Inspection/Compliance Certification Form
14. Final Inspection Report by Administrator
15. Final Approval by Homeowner
16. Final Payment Request/Authorization (again, could be a combined or separate forms, but should clearly show signature of contractor, approval by homeowner, and approval by program staff)
17. Itemized summary listing of all project costs including construction costs, LBP testing costs, LBP remediation activities, and soft costs (if any),
- 18. One or more Revised Proformas may be required during the course of the project as change orders modify the cost of the project. Once all funds have been drawn, the Final Proforma should be submitted.**

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STEP 6: Project Closeout and Ongoing Monitoring.

1. Payment Schedule and Record
2. *Client Satisfaction Survey: While there is no formal requirement for ongoing interaction between the grantee and the homebuyer, MSHDA recommends that grantees survey participants on their experience with the program.*
3. *Pre-Warranty Expiration Follow-up for warranty repairs: It may be a good idea to follow-up six months before the warranty on workmanship and materials expires. While the contractor provides the warranty, buyers will often initially come to the grantee with problems, and it's best to be proactive about identifying problems before the warranty runs out.*

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**REQUIRED DOCUMENT SUBMISSIONS
HOMEOWNER REHABILITATION**

INSTRUCTIONS: The following documents must be submitted to your Community Development Specialist at various stages of a Homeowner Rehabilitation project. Grantees should be aware that the list of required document submissions is NOT a comprehensive list of required documents for your local project file. For input on the broader list of documentation you should maintain, please refer to Comprehensive Required Documents list for Homeowner Rehabilitation projects.

Additionally, please be aware that MSHDA may randomly select projects for file reviews and request that you submit copies of all documents in your project file for review. For cause, your CD Specialist may also require that you submit other documents during the course of a project to document compliance with MSHDA's requirements.

REQUIRED FOR PROJECT SETUP/COMMITMENT: All projects should be set up and approved by your CD Specialist prior to closing the Homeowner Rehabilitation loan or signing a contract for rehabilitation. The following documents should be submitted concurrently with your Setup Proforma in OPAL.

- ☐ Income Verification Package: If the household income is more than 70% of the Area Median Income or less than \$5,000 from the 80% AMI limit, the Income Verification Package must be submitted. Also, if the household income includes income from self-employment, the Income Verification Package must be submitted. Otherwise, the Income Verification Package need not be submitted but should be retained in the local project file
- ☐ 1.2a Income Computation Worksheet
 - ☐ 1.2b Third Party Verification Monitoring
 - ☐ 1.2c Family Composition
 - ☐ 1.2e Declaration of Section 214 Status
 - ☐ 1.2f Checklist(s)
 - ☐ 1.2g Verifications

REQUIRED FOR PROJECT COMPLETION: If the project requires a mortgage loan between MSHDA and the Homeowner (i.e. the project is NOT from a County Allocation grant), the following documents must be submitted before a project can be closed out or completed in OPAL.

- ☐ 4.2 Homeowner Rehabilitation Mortgage
- ☐ 4.3 Homeowner Rehabilitation Mortgage Note

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**REQUIRED DOCUMENTS – COMPREHENSIVE
RENTAL REHABILITATION**

The following list of documents represents file documentation MSHDA expects all grantees to maintain in their local project files. The list of required documents is generally organized in chronological order and broken into key phases in the lifecycle of a specific project.

Several documents may be required in any given file but will not be applicable to every project; these documents are indicated by a parenthetical “if applicable” within the checklist below. For example, a SHPO review is unnecessary for buildings less than 50 years old.

Additionally, documents listed in *italics* are currently not “required” but are recommended by MSHDA and often represent best practices in local programs. While we feel these documents are important enough to specifically list within this checklist, they are not fundamentally required. In most cases, commentary has been provided explaining why and under what circumstances such documents may prove useful.

STEP 1: Applicant Eligibility. The first step is to identify the landlords who will participate in the program and confirm their eligibility.

1. Pre-Application and/or Application: Because a landlord’s “application” for assistance triggers various notice requirements under the Uniform Relation Act (URA), many programs require an initial pre-application from a property owner indicating interest in the rental rehabilitation program and providing basic contact information for any in-place tenants. This allows the program to prepare required URA notices so that they can be delivered at or before the time a formal application is executed.
2. Annual Income and Expense Form
3. Occupancy Report
4. Authority to Release Information (including permission to obtain credit report)
5. *Credit Report*
6. *Verification of Employment/Income for landlord (if acting as PIP community agent)*
7. Verification of Mortgage
8. Verification of Paid Property Taxes
9. *Federal and State Tax returns (most recent two years)*
10. Proof of Property Hazard Insurance
11. Recorded Warranty Deed or Land Contract (or prior deeds tracing owner’s interest back to a recorded Warranty Deed) or Title Insurance: MSHDA expects grantees to trace the current owner’s title back to a recorded warranty deed, and any land contracts must be recorded. If the ownership of the property cannot be clearly traced to a warranty deed, the grantee should obtain a title insurance policy covering its lien on the property.

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12. Land Contract Vendor Acknowledgement/Consent (if applicable)
13. Pre-Evaluation Disclosure of Lead Based Paint

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STEP 2: Tenant Eligibility. Concurrent with an application for assistance from the landlord, Uniform Relocation Act notices need to be provided to tenants. Depending on the specific structure of the project, some or all of the existing tenants' income will need to be verified in order to determine if the project is eligible for assistance. These requirements will vary somewhat depending on the source of funds used for the grant.

1. Copy of URA 1 to tenants
2. Income Verification Package for each tenant household, to include:
 - a. Income Computation Worksheet
 - b. Third Party Verification Monitoring
 - c. Family Composition
 - d. Authorization for Release of Information and Privacy Act Notice
 - e. Declaration of Section 214 Status
 - f. Checklist(s) of income and assets
 - g. Verifications of income, assets, assistance, etc.
3. Lead Based Paint Statement (including *Protect Your Family from Lead in the Home* pamphlet) (Tenants)
4. *Tenant(s) receipt of Fair Housing: It's Your Right pamphlet*

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STEP 3: Property Evaluation and Construction Determination. If the landlord is eligible to participate and the tenants are of the appropriate incomes, the grantee needs to complete a variety of inspections to evaluate the scope of necessary development activity and estimate project costs. Together this information allows an analysis of the specific project's feasibility. Some projects are simply not feasible and may result in denial of an application even if the owner meets other eligibility requirements.

1. Environmental Checklist
2. Historical clearance – SHPO (if applicable)
3. Flood Plain Map or documentation that area is not mapped
4. Noise Attenuation (if applicable)
5. Assessor's Card (to verify age and value of property)
6. Initial Inspection Report (minimum HQS)
7. Work Specifications
8. Cost Estimates
9. Lead Risk Assessment (if applicable)
10. Lead Property Exemption Form (if applicable)
11. Revised Work Specifications and Cost Estimates: Based upon the results of the LBP Risk Assessment, specifications and cost estimates may need to be revised prior to bidding.
12. Owner Acceptance of Specifications
13. Davis Bacon Assessment

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STEP 4: Bidding and Contractor Selection. After determining a project's initial feasibility, a contractor can be identified, and actual costs of the project can be determined.

1. Prepared Bid Package
2. List of Contractors Invited to Bid
3. Copies of bids received
4. Bid Comparison Summary
5. Record of Bid Selection
6. Verification that selected contractor(s) is not on debarred list (<http://epls.arnet.gov>)
7. Notice to unsuccessful bidders
8. **The Setup Proforma should be submitted at this point. The loan closing with the property owner should not take place until the project Setup is approved by MSHDA.**

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STEP 5: Closing and Lien Documents. After the scope of rehab and its specific cost, based on a selected bid, is known and MSHDA has approved the Setup Proforma, a closing can be scheduled with the property owner.

1. *Re-verification of paid property taxes: Depending on how much time has elapsed from the initial verification, program administrators often double-check that any property taxes due since the initial verification have been paid prior to closing.*
2. *Title insurance commitment*
3. URA 2 to tenants
4. Loan Commitment and Agreement
5. Mortgage (suggest use of future advance mortgage): A “Future Advance Mortgage” is one that provides a lien for up to a specified principal amount when the exact size of the final loan may not be known at the closing. For example, most home equity lines of credit are, in fact, mortgage loans secured by a Future Advance Mortgage. Because change orders often affect the size of the loan, rental rehabilitation programs should consider using Future Advance Mortgages to avoid having to record amended mortgages. There are specific legal requirements for the form of Future Advance Mortgages—including specific language that must be included within the document and the requirement that the maximum principal amount of the loan be specified within the document—that can be found at MCL 565.901-565.906. Grantees should consult their own legal counsel with specific questions about modifying mortgage documents.
6. Note(s)
7. Regulatory Agreement (if applicable)
8. Insurance Change Agreement
9. Escrow Agreement
10. Documentation of Owner Match (must be escrowed with grantee at closing) and leveraged funds

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STEP 6: Construction Management. At or after the closing, the property owner should execute the rehab contract, and rehab begins.

1. Contractor(s) License
2. Contractor(s) Insurance
3. Contractor(s) Lead Training/Certification
4. Contract(s) between the Contractor(s) and Property Owner, to include
 - a. Lead Work Contractor attachment
 - b. Equal Opportunity Clause (Executive Order 11246)
 - c. Davis Bacon attachment(s) (if applicable)
5. Recorded Notice of Commencement
6. Notice(s) to Proceed
7. Change Order(s) (if applicable)
8. Interim Payment Requests/Authorizations and Inspection Requests (could be one, two, or three separate forms; could be invoiced by contractor or placed on standard form; requires signature by contractor, property owner, and administrator prior to payment)
9. Sworn Statements (could be incorporated into payment request form from contractor)
10. Partial and Final Unconditional Lien Waivers
11. Lead Clearance Test Results (if applicable)
12. Lead Based Paint Inspection/Compliance Certification Form
13. Copy of Inspection Reports (by local building official, if permit required)
14. Final Inspection Report by Administrator
15. Final Approval by Property Owner
16. Final Payment Request/Authorization (again, could be a combined or separate forms, but should clearly show signature of contractor, approval by property owner, and approval by program staff)
17. Itemized summary listing of all project costs including construction costs, LBP testing costs, LBP remediation activities, and soft costs (if any)
- 18. One or more Revised Proformas may be required during the course of the project as change orders modify the cost of the project. Once all funds have been drawn, the Final Proforma should be submitted.**

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STEP 7: Project Closeout and Ongoing Monitoring. Rental projects are the only ones that carry specific ongoing responsibilities for the grantee. Grantees are required to document ongoing compliance with the tenant income and rent restrictions and property standards required by of rental projects throughout the applicable affordability period (generally 5 years). These requirements vary depending on the source of funds used for the grant. Additionally, MSHDA recommends that grantees survey participants on their experience with the program. It's also a good idea to follow-up six months before the warranty on workmanship and materials expires. While the contractor provides the warranty, property owner will often initially come to the grantee with problems, and it's best to be proactive about identifying problems before the warranty runs out.

1. Annual Rent Limit Notifications
2. Recertification of Annual Income by Tenant Family
3. Third Party Verification of Income for New Tenants
4. Annual HQS Inspections of assisted units/projects
5. *Client Satisfaction Survey: MSHDA recommends that grantees survey participants on their experience with the program.*
6. *Pre-Warranty Expiration Follow-up for warranty repairs: It may be a good idea to follow-up six months before the warranty on workmanship and materials expires. While the contractor provides the warranty, buyers will often initially come to the grantee with problems, and it's best to be proactive about identifying problems before the warranty runs out.*

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**REQUIRED DOCUMENT SUBMISSIONS
RENTAL REHABILITATION**

INSTRUCTIONS: The following documents must be submitted to your Community Development Specialist at various stages of a Rental Rehabilitation project. Grantees should be aware that the list of required document submissions is NOT a comprehensive list of required documents for your local project file. For input on the broader list of documentation you should maintain, please refer to the Comprehensive Required Documents list for Rental Rehabilitation projects.

Additionally, please be aware that MSHDA may randomly select projects for file reviews and request that you submit copies of all documents in your project file for review. For cause, your CD Specialist may also require that you submit other documents during the course of a project to document compliance with MSHDA's requirements.

REMINDER: The three most critical compliance areas for a Rental Rehabilitation project are

1. Compliance with *Uniform Relocation Act* notice and non-displacement requirements at the time of
 - a. the property owner's initial application for assistance and
 - b. a formal commitment for rehab assistance by the local program;
2. Maintenance of tenant *Income Restrictions* and unit housing quality standards for assisted units both at the time of the rehab and during the affordability period; and
3. Compliance, when applicable, with the *Davis Bacon and Related Acts* (DBRA) labor standards in the bidding, award, and oversight of the rehabilitation contract. When mistakes are made in these areas, it is very difficult to correct them and often very costly. If required due to noncompliance, relocation costs, **disallowances for failure to properly rent to income eligible tenants, and DBRA fines and/or back pay costs are the responsibility of the grantee.**

REHAB WITH TENANTS IN PLACE—REQUIRED FOR PROJECT SETUP/COMMITMENT: All projects should be set up and approved by your CD Specialist prior to closing the Rental Rehabilitation loan or signing a contract for rehabilitation. For projects with occupied units, the following documents should be submitted concurrently with your Setup Proforma in OPAL.

- ☐ **Income Verification Package:** If the household income is within 10% of the appropriate Tenant Income Limit (i.e. more than 70% of the Area Median Income for a unit limited to households at or below 80% AMI) or less than \$5,000 from applicable AMI limit, the Income Verification Package must be submitted. Also, if the household income includes income from self-employment, the Income Verification Package must be submitted. Otherwise, the Income Verification Package need not be submitted but should be retained in the local project file

- ☐ 2.2a Income Computation Worksheet
- ☐ 2.2b Third Party Verification Monitoring
- ☐ 2.2c Family Composition
- ☐ 2.2e Declaration of Section 214 Status
- ☐ 2.2f Checklist(s)
- ☐ 2.2g Verifications

Note: Submit these documents for each tenant household to which they apply. In no case is it necessary to submit income documentation for market rate units in a CDBG funded project.

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REHAB OF UNOCCUPIED UNITS—REQUIRED PRIOR TO LEASING UNITS: For projects that are rehabilitating vacant rental units, the following documents should be submitted prior to the execution of a lease between the property owner and a proposed tenant.

☐ **Income Verification Package:** If the household income is within 10% of the appropriate Tenant Income Limit (i.e. more than 70% of the Area Median Income for a unit limited to households at or below 80% AMI) or less than \$5,000 from applicable AMI limit, the Income Verification Package must be submitted. Also, if the household income includes income from self-employment, the Income Verification Package must be submitted. Otherwise, the Income Verification Package need not be submitted but should be retained in the local project file

- ☐ 2.2a Income Computation Worksheet
- ☐ 2.2b Third Party Verification Monitoring
- ☐ 2.2c Family Composition
- ☐ 2.2e Declaration of Section 214 Status
- ☐ 2.2f Checklist(s)
- ☐ 2.2g Verifications

Note: Submit these documents for each tenant household to which they apply. In no case is it necessary to submit income documentation for market rate units in a CDBG funded project.